

FY 2006 SALARY RESERVE APPROACH

<i>Step</i>	<i>Task</i>
1	EHS determined the allocation based on salary data from FY 2005 for those employees earning less than \$40,000. Salaries were adjusted upward accordingly from the 1.89% (2.22% less 15% for fringe expenses) and 2.61 (3.07% less 15% for fringe expenses) increase that eligible employees received in FY 2005.
2	EHS sent departments a listing of contractors that had one or more contracts with employees earning less than \$40,000 receiving Salary Reserve in FY 2005. Departments were asked to delete those contractors who have no FY 2006 contracts and add any new contracts that were not listed.
2a	<p>EHS created a master listing of salary data for all contracts for FY 2006. The data was categorized into two (2) groups:</p> <ol style="list-style-type: none"> 1. Those with salaries less than \$25,000 <ul style="list-style-type: none"> ▪ \$14 million was distributed to this group 2. Those with salaries greater than \$25,001 and less than \$40,000 <ul style="list-style-type: none"> ▪ \$6 million was distributed to this group
2b	<p>Once all data had been collected, EHS got the SUM for each one of the two groups. The sum for each was then DIVIDED by its respective amount (\$14M or \$6M).</p> <p>This operation allowed us to determine the suggested percentages for the FY2006 reserve allocations.</p> <p>Note: We also determined the amount that was temporarily held back for “clean-up” and amendment purposes. In the past, OSD held back amounts ranging from \$25K to \$1.5M.</p>
3	<p>EHS sent contractors a package of information containing:</p> <ul style="list-style-type: none"> • <i>Form cover letter</i> – from the EOHHS Secretary • <i>Individual Contractor Report</i> - containing award total and department sub-totals. <p>Contractors were required to distribute award to eligible employees in current contracts (keeping the allocation to contracts aligned with department sub-totals).</p>
4	EHS sent departments the contractors’ total amounts.
5	Fiscal Affairs Division moved the funds into the EHS account (as in 2005).
6	EHS executed special reserve contracts (as in past years). Attachment A (the terms and conditions) does not list underlying contracts. Contractors are required to notify the departments, if requested, of amounts allocated to each contract.
7	Executive Office of Elder Affairs (EOEA), as the lead, Massachusetts Rehabilitation Committee (MRC) and Massachusetts Commission for the Blind (MCB) implemented homemaker increases via a unit rate increase and contract amendments, as in past years.
8	EHS will provide FY 2006 Salary Reserve reports to the Legislature. These reports will also be posted on POS Internet page as in years past.